

market is limited to the minimum amount applicable to that brand and size of cigar during the required record retention period (see § 270.185), except where the manufacturer establishes that a greater amount was actually paid. For each claim involving large cigars withdrawn from the market the manufacturer shall include a certification on either Form 3069 (5200.7) or Form 2635 (5620.8) to read as follows:

The amounts claimed relating to large cigars are based on the lowest (insert either 'wholesale price' or 'sale price', as applicable) applicable to the cigars during the required record retention period, except where specific documentation is submitted with the claim to establish that any greater amount of tax claimed was actually paid.

(Sec. 202, Pub. L. 85-859, 72 Stat. 1419, as amended (26 U.S.C. 5705))

[T.D. ATF-80, 46 FR 18310, Mar. 24, 1981, as amended by T.D. ATF-232, 51 FR 28083, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-251, 52 FR 19340, May 22, 1987; T.D. ATF-307, 55 FR 52743, Dec. 21, 1990]

§ 270.312 Action by regional director (compliance).

Upon receipt of a schedule of tobacco products withdrawn from the market, the regional director (compliance) may assign an ATF officer to verify the schedule and supervise disposition of the tobacco products (and destruction of the stamps, if any), or he may authorize the manufacturer to dispose of the products (and destroy the stamps, if any) without supervision by so stating on the original and one copy of the schedule returned to the manufacturer.

[T.D. 6871, 31 FR 39, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, as amended by T.D. ATF-232, 51 FR 28083, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986]

§ 270.313 Disposition of tobacco products and schedule.

When so authorized, as evidenced by the regional director's (compliance) statement on the schedule, the manufacturer shall dispose of the tobacco products (and destroy the stamps, if any) as specified in the schedule. After the manufacturer has disposed of the products (and destroyed the stamps, if any), he shall execute a certificate on both copies of the schedule returned to him by the regional director (compliance), to show the disposition and the date of disposition of the products (and stamps, if any). In connection with a claim for allowance the manufacturer then shall return the original of the schedule to the regional director (compliance) who authorized such disposition, who will cause such schedule to be associated with the claim, Form 2635 (5620.8), filed under § 270.282. In connection with a claim for credit or refund the manufacturer shall attach the original of the schedule to his claim for credit, Form 2635 (5620.8), or claim for refund, Form 2635 (5620.8), filed under § 270.283. When an ATF officer is assigned to verify the schedule and supervise disposition of the tobacco products, such officer shall, upon completion of his assignment, execute a certificate on all copies of the schedule to show the disposition and the date of disposition of the products. In connection with a claim for allowance the officer shall return one copy of the schedule to be included in the manufacturer's records, and in connection with a claim for credit or refund, the officer shall return the original and one copy of the schedule to the manufacturer, the original of which the manufacturer shall attach to the claim, Form 2635 (5620.8), filed under § 270.283.

ance), to show the disposition and the date of disposition of the products (and stamps, if any). In connection with a claim for allowance the manufacturer then shall return the original of the schedule to the regional director (compliance) who authorized such disposition, who will cause such schedule to be associated with the claim, Form 2635 (5620.8), filed under § 270.282. In connection with a claim for credit or refund the manufacturer shall attach the original of the schedule to his claim for credit, Form 2635 (5620.8), or claim for refund, Form 2635 (5620.8), filed under § 270.283. When an ATF officer is assigned to verify the schedule and supervise disposition of the tobacco products, such officer shall, upon completion of his assignment, execute a certificate on all copies of the schedule to show the disposition and the date of disposition of the products. In connection with a claim for allowance the officer shall return one copy of the schedule to be included in the manufacturer's records, and in connection with a claim for credit or refund, the officer shall return the original and one copy of the schedule to the manufacturer, the original of which the manufacturer shall attach to the claim, Form 2635 (5620.8), filed under § 270.283.

(72 Stat. 1419, as amended; 26 U.S.C. 5705)

[T.D. 6871, 31 FR 39, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28083, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-251, 52 FR 19340, May 22, 1987]

Subpart J—Suspension and Discontinuance of Operations by Manufacturers

§ 270.331 Discontinuance of operations.

Every manufacturer of tobacco products who desires to discontinue operations under this part shall dispose of all tobacco products on hand, in accordance with this part, and make a concluding inventory and concluding report in accordance with the provisions of § 270.201 and § 270.202, respectively. The manufacturer shall surrender his permit, with such inventory and report, to the regional director

(compliance) as notice of such discontinuance. The regional director (compliance) may then terminate the liability of the surety on the bond of the manufacturer.

(72 Stat. 1422; 26 U.S.C. 5721, 5722)

[T.D. 6871, 37 FR 40, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28083, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986]

§ 270.332 Suspension and revocation of permit.

Where the regional director (compliance) has reason to believe that a manufacturer of tobacco products has not in good faith complied with the provisions of 26 U.S.C. chapter 52, and regulations thereunder, or with any other provision of 26 U.S.C. with intent to defraud, or has violated any condition of his permit, or has failed to disclose any material information required or made any material false statement in the application for the permit, or has failed to maintain his premises in such manner as to protect the revenue, the regional director (compliance) shall issue an order, stating the facts charged, citing such person to show cause why his permit should not be suspended or revoked. Such citation shall be issued and opportunity for hearing afforded in accordance with part 200 of this chapter, which part is applicable to such proceedings. If the hearing examiner, or on appeal, the Director, decides the permit should be suspended or revoked, the regional director (compliance) shall by order give effect to such decision.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1421, as amended (26 U.S.C. 5713))

[26 FR 8174, Aug. 31, 1961. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-48, 44 FR 55855, Sept. 28, 1979]

Subpart K—Manufacture of Cigarette Papers and Tubes

SOURCE: T.D. ATF-384, 61 FR 54085, Oct. 17, 1996, unless otherwise noted.

TAXES

§ 270.351 Cigarette papers.

On each book or set of cigarette papers containing more than 25 papers, manufactured in or imported into the United States, the following taxes are imposed by law:

(a) Cigarette papers removed before January 1, 1991, ½ cent for each 50 papers or fractional part thereof.

(b) Cigarette papers removed on or after January 1, 1991, and before January 1, 1993, 0.625 cent for each 50 papers or fractional part thereof.

(c) Cigarette papers removed on or after January 1, 1993, 0.75 cent for each 50 papers or fractional part thereof.

(d) Where cigarette papers measure more than 6½ inches in length, they shall be taxable at the above rates, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette paper.

(72 Stat. 1414; 26 U.S.C. 5701)

§ 270.352 Cigarette tubes.

On cigarette tubes, manufactured in or imported into the United States, the following tax is imposed by law for each 50 tubes or fractional part thereof:

(a) Cigarette tubes removed before January 1, 1991, 1 cent.

(b) Cigarette tubes removed on or after January 1, 1991 and before January 1, 1993, 1.25 cents.

(c) Cigarette tubes removed on or after January 1, 1993, 1.5 cents.

(d) Where cigarette tubes measure more than 6½ inches in length, they shall be taxable at the above rates, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette tube.

(72 Stat. 1414; 26 U.S.C. 5701)

§ 270.353 Persons liable for tax.

The manufacturer of cigarette papers and tubes shall be liable for the taxes imposed on such articles by 26 U.S.C. 5701. When a manufacturer of cigarette papers and tubes transfers such papers and tubes without payment of tax, pursuant to 26 U.S.C. 5704 to the bonded